

**Exhibit 9A: UK Human Resources Policy and Procedure #30.0**

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Home (/hr/) / Employee Relations (/hr/employee-relations) / UK HR Policies (/hr/policies)  
/ Wage & Salary (/hr/policies/wage-salary) / Compensation Administration

## Policy # 30.0: Compensation Administration

### Revision date:

October 11, 2013

### Purpose

The University intends to attract and retain qualified employees by maintaining a compensation system that is externally competitive and internally consistent.

### Policy

### Compensation Structure

#### 1.

##### Job Grades

##### a.

The University utilizes a salary structure that consists of 24 job grades and establishes a salary range for each regular staff position within the salary structure. Each position receives a job grade based on factors such as

##### b.

Job requirements and knowledge,

##### c.

Communication and people skills,

##### d.

Thinking and reasoning,

##### e.

Work environment,

##### f.

Policy and planning, and

##### g.

Management and fiscal responsibilities.

- h. Each job grade has a salary range with a minimum, a midpoint and top of the range.

2.

Definitions

- a. For the purposes of this policy, the following definitions apply:
- b. The minimum of the range of pay level is determined to be competitive for employees who meet the minimum qualifications for the job;
- c. The midpoint of the range is the mathematical midpoint of the salary range; and
- d. The top of the range is the highest pay rate in a job grade. An employee whose salary has reached or exceeded the top of the range may receive an annual adjustment in salary based on merit up to the average percentage available to all staff employees on a University-wide basis.

**Process**

The University's entire administrative and management team is responsible for the implementation and administration of the compensation program, including salary administration and job evaluation.

- 1. Human Resources is responsible from a University-wide perspective for developing, managing and communicating the guidelines, structure and overall equity of the compensation program.
- 2. The Provost and each Executive Vice President are responsible for implementing and informing employees about the compensation program policy.
- 3. Human Resources is responsible for making recommendations to the Executive Vice President for Finance and Administration who is responsible for making recommendations to the President regarding the competitiveness of salaries within the University.
  - a. Salaries shall be compared to external market place applying published market data surveys used to establish rates for specific types of work.
  - b. Market analysis, using a sample of University jobs, normally occurs at least every other fiscal year, or as often as needed.
  - c. The review shall consider factors such as pay for similar kinds of work in the appropriate area of market, pay for comparable benchmark universities, salary analysis and availability of funds.

**New Position and Existing Position Evaluation**

***New Positions***

Newly established regular positions shall be evaluated by the Human Resources Office of Compensation

(Compensation Office) for the appropriate job grade and title.

### ***Evaluation for Existing Positions***

The University recognizes that staff positions may change in work content or responsibilities. Therefore, a position may be evaluated when there has been a significant change in required job skills or responsibilities.

### ***Procedure for Position Evaluation***

A request to establish a new staff position or to evaluate an existing position shall be initiated by the department or division head or unit administrator and submitted to the Compensation Office.

1.  
The request shall include the job analysis questionnaire (JAQ) and appropriate supporting documentation justifying the need for the evaluation.
2.  
All requests for new positions from state-funded dollars shall be approved by the Provost or appropriate Executive Vice President.
3.  
Other evaluation requests shall be sent to the designee in the unit for review and approval or disapproval.
4.  
After approval, the Compensation Office shall evaluate the position. The evaluation may include interviewing the supervisor.
5.  
Positions shall be classified as exempt (salaried) or non-exempt (hourly) in accordance with the Fair Labor Standards Act (FLSA).

### ***Promotion Action***

A promotion which results from an evaluation shall be effective at the beginning of the first pay period following action by the Compensation Office.

### ***Salary Administration***

#### ***New Hires***

Starting salary for new hires shall be determined as follows:

1.  
The hiring official shall review the new employee's relevant education and length of related experience, as well as knowledge and skills. If the new employee possesses only the minimum requirements for the position, the hiring official shall set the salary at the minimum.
2.  
If the employee possesses relevant education, skills or experience beyond the minimum required, the hiring official shall propose a starting salary from minimum to the first quartile and provide justification for the proposal to the Human Resources Office of Employment (Employment Office).
3.  
For salaries above the midpoint, the hiring official shall propose a salary and provide justification to the Provost or the appropriate Executive Vice President for approval prior to submission to the Employment Office, for final approval. No salary shall be approved above the top of the range without approval of the President.
4.  
If an employee in a position that is not in the staff job grade classification structure applies for and is hired into a regular staff position, the salary shall be based on new hire guidelines for regular staff employees.
5.  
The Employment Office shall review the proposed salary for compliance with University policy prior to final approval of an offer.

### **Promotion**

Promotion is advancement to a position with a higher job grade.

1.  
Salaries for employees who are promoted shall be proposed and approved in the same manner as new hires except that Human Resources may approve an increase of up to 20% of the prior salary, not to exceed the midpoint of the new salary range.
2.  
Promotional increases greater than 20%, or exceeding the midpoint of the salary range, require approval of Human Resources and the Provost, or appropriate Executive Vice President.
3.  
The Compensation Office receives requests and gives approval for evaluation of new positions. The Compensation Office also gives approval for evaluation of existing positions as well as salaries for employees in evaluated existing positions.
4.  
The Employment Office receives requests and approves salaries for promotions.

### ***Career Ladder Promotional Opportunities***

Promotional opportunities also exist in certain job classifications where career ladder positions have been established and approved. Salaries for employees who advance in career ladder positions shall be determined using the process described under Promotion.

### **Mandatory Credentials**

Some positions require that an employee obtain additional certifications, registrations, licensures or relevant academic degrees as an ongoing requirement for the position.

1. Additional credentials shall be related to the job duties of the position. Requests for a position requiring mandatory credentials shall be approved by the Provost or appropriate Executive Vice President and forwarded to the Compensation Office for approval.
2. When additional credentials are obtained, an employee's supervisor may propose that the employee's salary be increased by eight percent, not to exceed the maximum salary of the job grade.
3. The Provost or appropriate Executive Vice President shall forward a copy of the additional credential(s) for final approval to the Compensation Office.

### **Reinstatement**

The salary of a reinstated employee shall be determined by the procedures established for new hires. However, if an employee returns to the same position within one year, the employee's previous salary shall be reinstated.

Note: An employee who leaves the University and then returns to University employment for the sole purpose of circumventing this policy shall not be entitled to any provisions of this policy that would enhance the employee's salary.

### **Lateral Transfer**

A lateral transfer is the movement by an employee to another staff position with the same assigned grade level.

1. In case of a lateral transfer, the employee usually receives no increase in pay.
2. If an employee transfers before the effective date of a merit or general scale adjustment increase, the department to which the employee transfers should consult with the Employment Office to determine the proper salary.

### **Demotion**

A demotion is the movement of an employee with a full-time equivalent (FTE) of 0.5 or greater, from one regular position to a position with a lower grade level.

1. The rate of pay for a voluntarily demoted employee shall be determined by the Employment Office.



2.  
The employee's salary in the new position shall normally be adjusted to the same relative percentage of the grade from which the employee was demoted.
3.  
The salary of a person demoted for unsatisfactory work performance shall normally be the starting rate of the lower grade.

### **Trainee**

In the case where no applicant meets the minimum qualifications for a regular position, the department may accept a trainee. To qualify as a trainee, an employee shall be capable of meeting the minimum qualifications within one year from the date of employment. Compensation rates for a trainee shall be established by the Employment Office at five percent below the minimum of the assigned position grade.

### **Acting Assignments**

An employee may receive a salary increase for assuming a position on an "acting" basis. For an active, vacant position, one employee may be designated and compensated as "acting".

1.  
An employee in an acting role shall normally receive a ten percent increase over their current salary, unless that is less than the minimum of the grade of the acting position or would exceed the salary for which the employee would be eligible if hired on a regular basis.
2.  
If ten percent is less than the minimum, the employee shall either
  - a.  
Receive an increase to the minimum of the new range provided the employee meets the minimum qualifications, or
  - b.  
Receive an increase to the trainee rate for the new position provided the employee is within one year of meeting the minimum qualifications.
3.  
Upon completion of the acting assignment, the employee's salary shall return to the employee's regular salary in addition to any merit increases earned during the acting assignment.

### **Compensation for Overtime**

A staff position may be exempt from overtime compensation based on job duties, responsibilities, salary and in some cases, minimum education required.

1.  
The exempt determination is made under the provisions of the FLSA and is administered by the Compensation Office.
- 2.

The FLSA requires that positions which are determined to be non-exempt (i.e., not exempt from overtime compensation) will be compensated at one and one-half times the rate of pay for all hours worked over 40 in a work week.

3. Overtime pay is earned for hours worked in excess of 40 in the regular work week and compensated at a wage rate of one and one-half times the hourly wage rate.
4. Only actual hours worked are counted in computing eligibility for overtime pay. Leaves and other absence codes will not be counted or added to the number of "hours worked" in a work week and will therefore not be calculated in the overtime rate of pay. Leave hours will be at the regular rate of pay.
5. For a non-exempt staff employee assigned to two or more departments of the University, thus creating a multiple or concurrent employment situation, the Compensation Office shall review and either approve or deny such an employment situation, if total hours worked would exceed 40 hours per work week.

### **Definition of Hours Worked**

State law defines hours worked as any time a non-exempt employee is suffered or permitted to work, all time spent by the employee in physical or mental exertion, whether burdensome or not, that is controlled, required or permitted (although perhaps not requested) by the employer, and pursued necessarily and primarily for the benefit of the employer.

Examples of activities and their classification as hours worked or hours not worked are as follows:

1. Work permitted away from the premises, for example, the employee's home, is working time. On-call time spent at home is not working time.
2. Breaks of 10 to 15 minutes are working time.
3. Meal periods when an employee is completely relieved from duty and performs no job-related duties (including answering the phone) are not working time.
4. Time traveling between home and work is not working time, although travel as part of the duties of the work day is working time.
5. Time when the employee is available but not working is working time if the employee is required to be on the premises and not free to use time as the employee pleases.

### **Supplemental Pay**

The University recognizes the need for supplemental pay for employees in some designated positions and/or for hours of work which may be in periods of time or in circumstances other than those considered normal. The Compensation Office is responsible for establishing and administering supplemental pay policies.



1.

### ***Shift differential***

Shift differential is a premium pay amount in addition to the normal hourly rate of pay.

a.

A differential rate of pay shall be added to the regular rate of pay for employees working on recognized second and third shift operations.

b.

A department head, or other designated official, shall determine the exact hours of the second and third shift operations.

c.

The Compensation Office shall coordinate and ensure that all employees within the University in similar job classifications shall or shall not receive a shift differential.

d.

An employee who works hour(s) immediately prior to or immediately following the employee's regular work shift shall receive a rate of pay appropriate to each shift for hours worked in the shift.

Note: Shift differential is not added to the normal hourly wage for computing annual increments.

Note: The Compensation Office may authorize other differential rates for specific jobs, as warranted.

2.

### ***On-Call Pay***

On-call pay is a premium pay amount when an employee is scheduled to remain available to be called to work during a scheduled period of time.

a.

The employee who is not called to work during the scheduled on-call period shall receive the appropriate on-call pay although no hours were worked.

b.

The employee who is called to work during the scheduled on-call period shall also receive the appropriate wages for the actual hours worked in addition to the on-call pay.

c.

An employee who is called to work during the scheduled on-call period shall receive pay for the actual time worked or a minimum of two hours, whichever is greater.

Note: For overtime pay, on-call pay time is not considered hours worked.

### **Special Assignment (Overload)**

Overload assignments must be in accordance with the Administrative Regulation Policy on Consulting and Other Overload Employment (AR 3:9 (</regs/files/ar/ar3-9.pdf>)).

Criteria for Overload Assignments are as follows:

1.

The assignment is outside the organizational unit(s) in which the employee is regularly assigned, except with approvals as outlined below:

a.

Teaching a night or extension class does not have to be outside the organizational unit to qualify for

overload eligibility, when all other criteria are met; and/or

- b. With prior approval of the Provost or appropriate Executive Vice president an exempt employee may teach a University course for academic credit within the organizational unit the employee is normally assigned to.

Note: Organizational unit in the Provost or Executive Vice President areas is defined as the department level in academic units and the division level in non-academic units.

2. The assignment is beyond the scope of the duties as outlined in the employee's job description and separate from normal work hours.

3. Except when an exempt employee teaches a University course for academic credit and the assignment is separate from normal working hours:

- a. Vacation time shall not be authorized for the purpose of performing the assignment, which also will be paid on an overload assignment; and

- b. An employee who teaches during normal working hours shall make up the time. A staff employee may not teach more than one course during normal working hours.

4. Except when a staff employee teaches a University course for academic credit, the assignment is of special and infrequent nature making it unreasonable to hire a temporary employee to perform the assignment.

Note: Teaching a night or extension class does not have to be of special or infrequent nature in this way to qualify for overload eligibility when all other criteria are met.

5. The assignment serves the best interest of the University.

6. In order to work an overload assignment, the following three approvals must occur:

- a. Provost or appropriate executive vice president of regular assignment,
- b. Provost or appropriate executive vice president of overload assignment, and
- c. the Compensation Office.

### **Overload Compensation**

Refer to the Administrative Regulation (AR 3:9 (</regs/files/ar/ar3-9.pdf>)).

1. The employee's regular unit shall complete the first block of the Internal Overload Form for Exempt Staff Employees (</hr/forms/internal-overload-form>) and forward this form to the unit in which the overload assignment will be performed.
2. The unit in which the overload assignment will be performed shall complete the second block of page 1 and the third block of page 2 of the Internal Overload Form for Exempt Staff Employees (</hr/forms/internal-overload-form>), and return the form to the employee's regular unit.

3.  
The employee's regular unit shall complete the first and second blocks of page 2 and forward the form to the Compensation Office. If the assignment is within the employee's regular unit, authorization should be secured from the Provost or appropriate Executive Vice President. This authorization should be attached to the form.
4.  
The Vice President of Human Resources, or designee, shall sign the form, providing all criteria have been met, and forward the form to the dean of the college.
  - a.  
The form is then sent to the dean of the college or unit administrator of the area where the overload assignment will be performed.
  - b.  
That unit shall return the approved form to the Compensation Office where it will be processed and copies distributed as appropriate.

Note: A non-exempt staff employee on an overload basis in excess of 40 hours in a specific week will be paid one and one-half the normal hourly rate or by the fee schedule, whichever is greater.
5.  
Any compensation for services will be at an hourly rate unless covered by a fee schedule approved by the Provost or appropriate Executive Vice President.
  - a.  
No hourly rate compensation shall exceed the amount arrived at by dividing the employee's basic annual salary by 2080.
  - b.  
The employee's fringe benefits shall not be affected by monies paid for overload assignments.
  - c.  
The total annual amount paid to an employee on overload shall not exceed 20% of the employee's annual salary.
6.  
An employee shall not be permitted to perform any overload activities until the completed overload form with all approval signatures has been returned to the department to which the employee is regularly assigned.

## Form

Internal Overload Form for Exempt Staff Employees (</hr/forms/internal-overload-form>)

### Related policies

HR Policy and Procedure #15.0, Reinstatement (</hr/policies/reinstatement>)

### Archived versions of this policy

Previous version: revised 03-06-2013 (</hr/policies/archive/compensation-administration/revised-03-06-2013>)

Previous version: revised 07-01-2008 (</hr/policies/archive/compensation-administration/revised-07-01-2008>)

Previous version: revised 08-21-2007 (</hr/policies/archive/compensation-administration/revised-08-21-2007>)

Previous version: revised 04-01-2006 (</hr/policies/archive/compensation-administration/revised-04-01-2006>)

Previous version: revised 07-11-2002 (</hr/policies/archive/compensation-administration/revised-07-11-2002>)

Previous version: revised 10-29-1998 (</hr/policies/archive/compensation-administration/revised-10-29-1998>)

Policies in the 'Wage & Salary' Section

HR P&P #30.0 Compensation Administration (</hr/policies/compensation-administration>)

**« back to all Policies (</hr/policies>)**

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